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Bolivia

Oilseeds and Products Annual

Annual

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Report Highlights:
Soybean production in Marketing Year (MY) 2013 (March/February) is forecast at 2.4 Million Metric Tons (MMT), increasing 8.6 percent compared to MY 2012 levels. This increase would be the third in a row. Good weather conditions and high international prices are driving this increase.

Executive Summary:

Soybean production in Marketing Year (MY) 2013 (March/February) is forecast at 2.4 Million Metric Tons (MMT), increasing 8.6 percent compared to MY 2012 levels. Soybean is the most important crop in Bolivia, the harvested area of soybeans in MY 2012 is estimated at 1.055 million hectares. There are about 14,000 soybean producers in Bolivia.

With exports of 1.18 MMT in CY 2011, soybean meal is the third largest Bolivian export and the largest agricultural export. The Andean region is Bolivia's only market for soybean products.

The Bolivian government has approved legislation that severely hampers Bolivian farmers from making profits. These regulations are designed to allow price regulation to maintain domestic prices low. However, the results will be exactly the opposite, since all these initiatives will translate in reduced investment, less area planted, lower production and finally higher prices. Such measures include: land reform, conservation obligations and export bans. Though soybean production has not been affected yet due to good international prices and relatively low local demand other crops such as corn have been negatively impacted.

Commodities:

Production:

Oilseed, Soybean Bolivia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	850	1,000	900	1,055		1,100
Area Harvested	850	1,000	900	1,055		1,100
Beginning Stocks	41	41	26	27		21
Production	1,580	2,100	1,580	2,209		2,400
MY Imports	5	5	5	5		5
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,626	2,146	1,611	2,241		2,426
MY Exports	25	24	25	30		35
MY Exp. to EU	0	0	0	0		0
Crush	1,475	1,995	1,475	2,090		2,260
Food Use Dom. Cons.	50	50	50	50		50
Feed Waste Dom. Cons.	50	50	50	50		50
Total Dom. Cons.	1,575	2,095	1,575	2,190		2,360
Ending Stocks	26	27	11	21		31
Total Distribution	1,626	2,146	1,611	2,241		2,426
1000 HA, 1000 MT						

Meal, Soybean Bolivia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,475	1,995	1,475	2,090		2,260
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	1	1	9	23		58
Production	1,178	1,492	1,178	1,630		1,735
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,179	1,493	1,187	1,653		1,793
MY Exports	1,030	1,185	1,030	1,305		1,450
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	140	285	145	290		310
Total Dom. Cons.	140	285	145	290		310
Ending Stocks	9	23	12	58		33
Total Distribution	1,179	1,493	1,187	1,653		1,793
1000 MT, PERCENT						

Oil, Soybean Bolivia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,475	1,995	1,475	2,090		2,260
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	26	26	19	38		25
Production	278	503	278	460		525
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	304	529	297	498		550
MY Exports	220	348	215	323		370
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	65	143	65	150		160
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	65	143	65	150		160
Ending Stocks	19	38	17	25		20
Total Distribution	304	529	297	498		550
1000 MT, PERCENT						

Soybean production in Marketing Year (MY) 2013 (March/February) is forecast at 2.4 Million Metric Tons (MMT), increasing 8.6 percent compared to MY 2012 levels. This increase, which would be the third year in a row, is driven by good weather conditions and strong international prices which have encouraged producers to plant as much as they can, even moving away from other crops such as corn or cotton.

Soybean in Bolivia is produced in Santa Cruz de la Sierra, Bolivia's agricultural powerhouse. There are two annual crops:

- Summer; planting in November-December and harvest in March-April, is the most important crop season accounting for about 70 percent of the annual crop.

- Winter; planting in June-July and harvest in October-December.

Soybean is the most important crop in Bolivia, the harvested area of soybeans in MY 2012 is estimated at 1.055 million hectares, compared to about 200,000 hectares of corn, 220,000 hectares of sunflower, and 115,000 hectares of rice. Soybean production in Bolivia is in hands of small producers; there are about 14,000 soybean producers in Bolivia with the following composition:

- 77 percent owns less than 50 hectares
- 21 percent owns between 50 and 1,000 hectares
- 2 percent owns more than 1,000 hectares

Producers in Bolivia face three main constraints: lack of technology, expensive credits (15 to 19 percent interest rates), and steep transportation costs. Yields vary considerably, between 1.6 and 2.4 MT per hectare, depending on efficiency and technical know-how of producers. Cost of production per hectare is about $320, of which about $135 are for pesticides. Production costs have increase in the past three years due to a higher incidence of soybean rust.

Price of soybeans paid to farmers is set by processors, usually by subtracting the transportation cost to Rosario in Argentina from Chicago's price. This cost is currently $110 per MT.

Bolivia has sufficient crushing capacity to process its entire crop, 6,500 MT per day. The largest crushing companies are ADM-SAO, Gravetal, and Fino with about 25 percent of the market each, followed by Rico with 15 percent and several small companies have the remaining 10 percent of the market. About 80 percent of the country's storage capacity is owned by processing companies and 20 percent by independent intermediaries.

One of the most influential organizations in Bolivia is the oilseeds producers association (ANAPO) who negotiates with the government of Bolivia (GOB) import duties of inputs or technical programs; it also negotiates with financial institutions, provides seeds and other inputs, and also assists producers with technical guidance.

Trade:

With exports of 1.18 MMT (worth $420 million) in CY 2011, soybean meal is the third largest Bolivian export and the largest agricultural export.

The Andean countries (Chile, Colombia, Ecuador, Peru and Venezuela) are the most important, and almost the only market for Bolivian soybean products. Bolivia's soybean exports to the Andean countries in CY 2011 were follows:

Distribution of Bolivian Exports (CY 2011)		
Soybeans (Percentage)	**Soybean Meal (Percentage)**	**Crude Oil (Percentage)**
Peru 83 Venezuela 16 Colombia 1	Venezuela 47 Colombia 26 Peru 18 Chile 8	Venezuela 34 Colombia 32 Ecuador 22 Peru 5

Since Bolivia is a landlocked country, the cost of transportation is rather expensive and one of the main concerns of Bolivian exporters; it cost less to ship product from the gulf to any Andean country. For example, freight cost from the gulf to Colombia is $55 per MT, compared to $120 per MT from Bolivia. Brazil and Argentina also have more competitive costs of transportations, freight from these countries to Colombia are around $90 per MT.

Policy:

Bolivian farmers face hostile investment climate which will probably result in a reduced crop production across the board in the upcoming years. The Bolivian government has approved several pieces of legislation that when combined severely hampers Bolivian farmers from making profits. Such measures include:

- The Land Reform by which all arable land must serve a social and economic purpose. A government agency determines which farms comply with such mandate and they are free, without further process, to expropriate farms that they deem not compliant. Economic purpose basically means that if a producer is not farming one hundred percent of his productive land (not counting the land in reforestation programs) anyone can blow the whistle on him and have his land taken away. Most likely this land will be given away to the administration's political base. It is not clear what social purpose is, but owners see it as making sure that workers are satisfied with working conditions.

- Forest Law, this recently approved legislation establishes that farmers have to implement reforestation programs on 40 percent of their land. Producers who fail to comply within three years face expropriation of their land.

- Export Ban, exports of soy and soy products are only approved when the administration determines that there is sufficient product at a "good" price for local consumption. The GOB indirectly controls price of agricultural products through export permits.

The lack of transparency has been the common denominator for approving and implementing these measures. These measures are designed to allow the government to regulate prices and maintain domestic prices low. However, the results will be exactly the opposite, since all these initiatives will translate in reduced investment, less area planted, lower production and finally higher prices. Though this has not been the case for soybeans due to high international prices and relatively low local demand, other crop such as corn have already been affected by such measures.

Bolivian farmers also have to deal with land tenure insecurity. In recent years, groups of people without land have invaded and taken control of private properties. These groups often negotiate their withdrawal in exchange of a plot of land or money.

Bolivia has a trade agreement (the People's Trade Agreement) with Cuba and Venezuela. Under this agreement Venezuela will continue importing Bolivian soybean products duty free. As a member of Andean Community of Nations (CAN), Bolivian soy products enter duty free to member countries.

Biotech

Biotech is an ideological and politicized issue in Bolivia. Like other issues in Bolivia, biotechnology has also divided the country in two. On one hand organizations from the highlands, mainly La Paz, is opposed to the use, trade, production and research of biotechnology as a result of a strong influence from non-government organizations (NGOs) that finance public campaigns to prevent the use of biotechnology. This people are not producers. On the other hand Santa Cruz (producers) wishes to use biotechnology to increase their efficiency.

Most soy producers are using genetically modified soybean seeds. According to Bolivian producers, Paraguay is much more efficient in producing soybean due to the extensive use of biotechnology. The strong influence from Brazil has determined that most Bolivian producers use genetically modified seeds.